

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE
GOVERNMENT COMMITTEE

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SUBJECT: Strike everything amendment to H.B. 2005, relating to corporation commission; penalty

Purpose

Specifies exclusive penalties assessed to a public service corporation for violating a constitutional provision or rules regarding electric generation resources.

Background

The Arizona Corporation Commission (ACC), established by Article 15 of the Arizona Constitution, has the authority to prescribe just and reasonable classifications, rates and charges collected by public service corporations. Also, it must adopt reasonable rules, regulations and orders governing the transaction of business by public service corporations.

The ACC ensures laws affecting public service corporations are enforced and obeyed, if enforcement is not specifically vested in another officer or tribunal, and violations are promptly prosecuted and penalties are recovered and collected ([A.R.S. § 40-421](#)). Currently, a public service corporation that violates or fails to comply with any constitutional provision or applicable statute, or fails or neglects to obey or comply with any order, rule or requirement of the ACC is subject to a penalty of not less than \$100 or more than \$5,000 for each offense, unless otherwise specified ([A.R.S. § 40-425](#)).

Generally, *public service corporations* include corporations engaged in furnishing gas, oil or electricity for light, fuel or power or in furnishing water for irrigation, fire protection or other public purposes ([Ariz. Const. art XV, § 2](#)).

In 2006, the ACC approved the Renewable Energy Standard and Tariff (REST) requiring regulated electric utilities to generate 15 percent of their energy from renewable resources by 2025. Utility companies must file annual implementation plans showing compliance with the REST rules, including incentives offered for customers who install solar energy technologies for their homes and businesses ([A.A.C. R14-14-02](#)). Renewable energy resources include biogas, biomass, geothermal, solar and wind technologies ([A.A.C. R14-2-1802](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Establishes the exclusive remedy or penalty assessed to a public service corporation, will be a *civil penalty* as outlined in [A.R.S. § 40-425](#), for any alleged or actual violation of any:
 - a) constitutional provision specifying or relating to the type of electric generation resources acquired or used by a public service corporation; or
 - b) ACC rule based on any constitutional provision specifying or relating to the type of electric generation resources acquired or used by a public service corporation.
2. Specifies any alleged or actual violation by or procured by a public service corporation's officer, agent or employee is also limited to a civil penalty as outlined.
3. Becomes effective on the general effective date.